

NETWORK OF CALIFORNIA FAIRS

BOARD OF DIRECTOR'S OVERVIEW

INTRODUCTION

This handbook is designed to provide an overview orientation of the network of California fairs and to assist Directors in understanding their roles and responsibilities.

A BRIEF HISTORY OF CALIFORNIA FAIRS

The agricultural fair we know today is the direct descendent of traveling caravans of goods that marked the origin of markets. Periods of trading were coincident with gathering of the population on special occasions. Hostilities were suspended in order to facilitate trade and merrymaking. In ancient Greece, India, and Asia, the national assemblies for religious ceremonies were opportunities for expansive commerce that attracted vendors, acrobats, clowns and musicians.

The first six fairs in California were established with financial support from the State of California before the Civil War and were called "agricultural societies". Their educational mission was to advance public knowledge of agriculture and their service mission was to provide the facilities for community gatherings timed to fit the schedules of people engaged in production agriculture. At the time, fairs were once-a-year events and were operated for the most part by volunteers.

In 1872, civil code authorized the formation of "agricultural fair corporations". In 1880, the Legislature declared the California State Agricultural Society to be an agency of the State. The State was divided into twelve (12) agricultural districts and associations. The agricultural district was defined as an "association formed by 50 or more persons, by residents of the county or parts of the county, for the purpose of holding fairs, expositions, and exhibitions of all the industries and industrial enterprises, resources and products of every kind of the State".

In 1933, the Horse Racing Act was adopted. Since 1933, counties and districts have received an allocation of money derived from horse racing, which is appropriated to the Fair and Exposition Fund. These funds were intended to encourage agriculture, provide local assistance and support agriculture education (refer to Tab 2, Fair Funding).



NETWORK OF CALIFORNIA FAIRS OVERVIEW



B&P Code Section 19622.1 defines a state-supported fair organization as any fair that conducts an annual fair and submits an annual statement of operations to the CDFA. The generic term of “fairs” refers to District Agricultural Associations (DAA’s), county fairs, citrus fairs, and the California State Fair.

The network of California fairs includes 80 fair organizations divided into four categories (the latter three are non-DAA organizations):

- 54 DAA’s – a state government entity
 - 2 DAA’s were deactivated during fiscal year 1997/98, leaving 52 active DAA’s
- 23 county fairs – County government or not-for-profit organizations
- 2 citrus fruit fairs – not-for-profit organizations
- The California Exposition and State Fair (Cal Expo) – a state agency



Everyone Loves a Fair!



Young patrons at the Orange County Fair enjoy a monster-of-a-ride!

FAIR ORGANIZATION CLASSIFICATIONS

Fair organizations are expected to operate within their annual budgets. In order to receive state funding, their budgets must first be approved by F&E.

To be more equitable in the distribution of these funds, F&E established an allocation policy providing support to fair organizations within seven budget-related classification levels. The result is that the *smallest* fair organizations, those in levels I-IV, receive the largest annual allocation of horse racing revenues (\$180,000). Level I, II, III, and IV fairs have annual operating budgets of less than \$3 million. Many of these fairs are located in small communities with minimal opportunities for sponsorships, interim rentals, or increased attendance. The fairs are truly the heart of the community and increased state support is critical to their success. For some level I fair organizations, the annual allocation represents up to 70 percent of their annual budget. The *largest* fair organizations, those in levels V-VII, receive the smallest allocation (\$35,000), representing less than one percent of their annual budget.

The 2002/2003 Local (Base) Allocation funding levels are reflected in the table below. Future expenditure plan funding levels of base allocation are dependent upon fund condition.

Profile of Fair Class Levels & 2002/2003 Local (Base) Allocations

Class Level	Allocation Criteria			# of Fairs Per Class	Local (Base) Allocation	Total Allocation Per Class Level
	Operating Revenue (\$1,000's)	Fair Attendance (1,000's)	Perm/Temp Staff			
I	Up to 200	Up to 20	Up to 7	13	\$180,000	\$2,340,000
II *	200 - 450	20 - 40	7 - 10	21	150,000	3,150,000
III	450 - 1,000	40 - 80	10 - 20	19	124,000	2,356,000
IV	1,000 - 3,000	80 - 175	20 - 40	9	105,000	945,000
V	3,000 - 6,000	175 - 250	40 - 80	6	40,000	240,000
VI	6,000 - 10,000	250 - 400	80 - 120	6	35,000	210,000
VII	Over 10,000	Over 400	Over 120	3	35,000	105,000
Special Events (Supplemental allocation):						
Grand National Rodeo (1A DAA)					140,000	140,000
Great Western Livestock Show (24th DAA)					50,000	50,000
San Benito County Saddle Horse Show					50,000	50,000
Alameda County Fair / SAGE - Agricultural Roots Festival					30,000	30,000

\$9,616,000

Fairs not receiving base allocation in Fiscal Year 2002/2003:
California State Fair and Exposition
5th DAA (deactivated)

* Funding has been budgeted for possible reactivation of the 1st DAA in Oakland, currently a Class II fair.

CALIFORNIA FAIRS



BENEFITS OF CALIFORNIA FAIRS

Cultural anthropologists have said that for a community to remain healthy, members of the community must realize and appreciate what holds them together. The fair is a source of community pride that fosters common identity and loyalties across age and cultural boundaries. These benefits are realized through the celebration of shared values and interests, thus contributing to social stability and promoting civic unity.

Fairs provide facilities and activities for educational purposes, and broaden community services. Below are a few examples of valuable community activities that take place at California fairgrounds:

- Field trips
- Agriculture in the Classroom
- Head Start programs
- Pre-school programs
- Before/after school programs
- Charitable activities
- Weddings
- Cultural events
- Concerts
- Auto shows
- Livestock events
- Farmers markets

State and local government agencies utilize fairs as a vehicle in which to disseminate vital information regarding the protection of California's pristine natural, industrial, and agricultural resources. These public outreach efforts offer communities a first-hand look at California agriculture and the essential role of this multi-billion dollar industry. Fairs are also used to disseminate information to the public on important health issues (tobacco-free zones), community services and broad educational topics.

As an added benefit, California fairs promote awareness of California's cultural diversity. In 2001, over 8 million people attended California fairs and approximately 28 million people attended all fairground events held in rural, suburban, and urban settings. These fairs attract people from various ethnic and age groups, creating a diverse cultural representation not duplicated in any other public activity.



4H exhibitors work with swine at the Glenn County Fair.

THE DIVISION OF FAIRS & EXPOSITIONS

The Department of Food and Agriculture (CDFA), Division of Fairs & Expositions (F&E), provides fiscal and program requirements, broad policy oversight of the network of California fairs and ensures the best use of available funding resources and other services.

Authority



The California Department of Food and Agriculture (CDFA) provides oversight to the network of California fairs through the application of law, development and review of policies and procedures (including adoption of formal regulations when required), and supervision of fiscal administration. This oversight is authorized by the California Food and Agricultural Code. Furthermore, Business and Professions (B&P) Code Sections 19606.1 and 19620 authorize CDFA oversight responsibility of the Satellite Wagering Account and the Fair and Exposition Fund, respectively. B&P Code Sections 19606.1(c) and 19621(c) require the CDFA to prepare an annual expenditure plan for review and approval by the Joint Committee on Fairs Allocation and Classification (a copy of the current Expenditure Plan is available at the fair or by contacting the Division of Fairs and Expositions (F&E) at 916.263.2955).

The following table shows various types of expenditures authorized for each account.

Satellite Wagering Account (Acct. 192) (B&P Code § 19605.9(b), 19606.1, 19606.4)	Fair and Exposition Fund (Acct. 191) (B&P Code § 19620.1, 19630)
<ul style="list-style-type: none">• Health and Safety Projects• Bond Debt Service• Pari-mutuel Improvement• Supplemental Purses• Satellite Wagering Facility Construction• CDFA (F&E) Support• Live fair racing track preparation• California Construction Authority (CCA) baseline budget	<ul style="list-style-type: none">• Local (Base) Allocations to fairs• Major Maintenance and ADA projects• Revenue Generating Program• Other local assistance programs as approved by the Joint Fairs Committee• California Horse Racing Board (CHRB) Support• CDFA (F&E) Support• CDFA Fair Audits



**Agriculture is at
the heart of all
California fairs.**



Fair Oversight



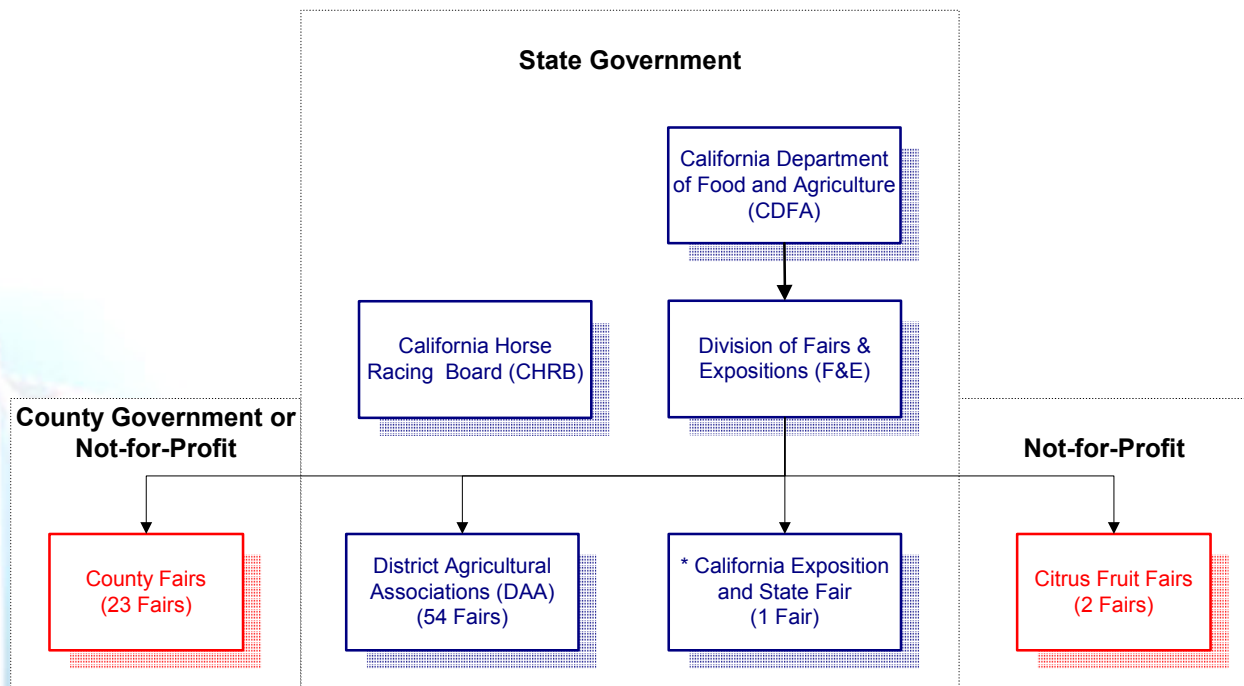
The CDFA delegates oversight responsibility of the network of California fairs to F&E. This oversight responsibility includes the following (B&P Code Sections 19606.1 and 19620):

- Manage and monitor the solvency of the Fair and Exposition Fund and the Satellite Wagering Account.
- Distribute available state resources to the network of California fairs for local (base) allocations, health and safety repair projects, major maintenance projects, revenue generating projects, pari-mutuel facility improvement, and other fair programs.
- Create a framework for administration of the network of California fairs, allowing for maximum autonomy and local decision making authority.
- Guiding and providing incentives to fairs to seek matching funds and generate new revenue from a variety of sources.
- Support continuous improvement of fair programs to ensure California fairs remain highly relevant community institutions.
- Ensure annual fiscal audits and compliance audits are performed.




F&E provides varying levels of oversight depending on the fair type. The following tables provide examples of the type of oversight provided to District Agricultural Associations (DAA's) and non-DAA fair organizations:

Oversight of DAA's	Oversight of non-DAA's
<ul style="list-style-type: none">• Approve annual budgets.• Conduct fiscal and compliance audits.• Review annual end-of-year statements of operations.• Survey and recommend facility maintenance and improvement projects.• Provide consultation to boards of directors and staff on State policies and procedures.• Analyze fair-related legislation.• Facilitate personnel transactions.• Approve contracts and bid packages.• Provide daily operational oversight to fairs experiencing managerial, fiscal, or operational challenges.• Develop, implement and adjudication of State Rules for competitive exhibits.	<ul style="list-style-type: none">• Approve annual budgets.• Conduct or review fiscal and compliance audits.• Review annual end-of-year statements of operations.• Survey and recommend facility maintenance and improvement projects.• Provide consultation to boards of directors and staff on applicable State policies and procedures.• Approve carnival bid packages.• Review contractual agreements between the fair organization and host counties.• Develop, implement and adjudication of State Rules for competitive exhibits.

ORGANIZATIONAL RELATIONSHIP



State Government

- California Department of Food & Agriculture (CDFA) – A state agency responsible for the oversight of California's agricultural industry, including the network of California fairs. 
- Division of Fairs and Expositions (F&E) – Provides fiscal and policy oversight of the network of California fairs and ensures the best use of available funding and services.
- California Horse Racing Board (CHRB) – Regulates pari-mutuel wagering, to promote the horse racing and breeding industries, and to maximize State of California tax revenues. CHRB provides regulatory oversight to six privately owned race tracks, nine racing fairs, and twenty simulcast-only facilities. 
- District Agricultural Association (DAA) – Holds fairs, expositions, and exhibitions to highlight various industries, enterprises, resources, and products of the state.
- California Exposition and State Fair (Cal Expo) – A state agency in Sacramento responsible for holding the annual California State Fair, expositions and exhibitions to highlight various industries, enterprises, resources, and products of the state. 

County Government or Not-for-Profit

- County Fairs – Holds fairs to highlight a county's natural and agricultural resources.
- Citrus Fruit Fairs – Holds annual fairs to celebrate the citrus fruit harvest.

Other Organizations



In addition to the CDFA, there are other organizations involved with fair operations and industry direction. An abbreviated description of each organization's major roles are described below (refer to Tab 6, Fair Business Partners for more information):

Joint Powers Authorities

California Fair
Services Authority
(CFSA)

California
Construction
Authority
(CCA)

California Authority
of Racing Fairs
(CARF)

Trade Organizations

Western Fairs
Association
(WFA)

Fairs 2000

Joint Powers Authorities (JPA) – Three JPA's have been formed in California to provide specified services to the fair industry. CDFA is a party to the joint powers agreement that authorized the formation of each of the following JPA's:

- California Authority of Racing Fairs (CARF) - Provides legislative and operational support, and professional development services for its members, all of which are horse racing fairs; assists CDFA with site selection and development for satellite wagering facilities; manages the track preparation agreement; and recommends an annual Satellite Wagering Account and racing track improvement plan.
- California Construction Authority (CCA) - Provides financing, design, and construction services for health and safety improvements, satellite wagering facilities, and other projects on fairgrounds. The proceeds from revenue bonds issued by CCA may be allocated by the Secretary of CDFA to provide partial funding for such projects. With the Secretary's approval of proposed scopes of work and budgets, additional projects may be funded by the CDFA, or the fairs, and implemented by CCA.
- California Fair Service Authority (CFSA) - Administers risk-sharing pools (general liability, workers compensation, revenue protection and all-risk property) designed to protect the Fair & Exposition Fund and local fair organizations; provides safety programs, facility and carnival ride inspections; and provides purchasing, computer, employee benefits, and management services.

Trade Organizations – The following not-for-profit associations provide services to the fair industry:

- Western Fairs Association (WFA)/ California Fairs Alliance (CFA) - Sacramento based trade association representing a majority of California's 80 fairs. Services include legislative advocacy, regional meetings, training, and an annual convention. Publications include a membership directory, mini date list, quarterly *Fair Dealer* magazine and *Update* newsletter.



Secretary Lyons with 2002
WFA President, Doug Lofstrom.

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